

CHAIRMAN'S ADDRESS

TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

FRIDAY 21ST OCTOBER 2005

Ladies and Gentlemen,

It is a pleasure to present to you the accounts for the Company for the year ended 30 June 2005. These accounts, together with other related reports and reviews of the operations of the Group, are contained in the Annual Report, which has been forwarded to all shareholders.

In reviewing the financial highlights it is pleasing to be able to report to you that the normalised profit, that being operating profit before unusual items, borrowing costs and income tax, showed a modest growth on the previous year. The result for the year was \$75.2 million compared to \$74.1 million earned the previous year. Borrowing costs were \$14 million compared to \$14.8 million whilst the tax expense for the year was \$14.8 million compared to \$16.2 million. The Group's unusual items amounted to a loss of \$6.1 million compared to a loss of \$74.3 million incurred in the previous year. Shareholders will recall that the previous year's large unusual loss was sustained primarily from the write-off of goodwill, other intangibles and under performing sites relating to the German cinema exhibition business.

The earnings achieved during the year to 30 June 2005 benefited from a stronger level of business in the hotel segment, a record 2004 ski season at Thredbo together with an improvement in the performance of the film processing and duplication laboratories, Attab. Cinema exhibition was however adversely impacted both domestically and in Germany by soft film product in the second half of the financial year and this virtually wiped out the strong gains that had been achieved in these businesses in the first six months. The earnings from Roadshow Distributors continued at a strong level and were similar to those achieved in the previous year.

As foreshadowed previously, the Group continued its focus on rationalising and restructuring a number of its interests in the German cinema market. As mentioned in the Annual Report, this rationalisation programme has resulted in the Group now being the dominant exhibitor in the German market with 81 cinema locations covering 579 screens. Management has, and will continue to, maintain a focus on this market with the key objective of improving the performance of our overseas assets.

Management continued its rationalisation of non-core businesses and announced to the market in June this year that the Company had concluded negotiations regarding the sale of the Matilda Cruise business. The Group also took the decision to close the BlueRock Catering business as it was also seen as no longer being core to our needs.

Whilst the business of operating the Featherdale Wildlife Park was reviewed during the year, in the light of the levels of expressions of interest received, management has decided to retain this business as it continues to perform well within its market segment.

As previously mentioned the Board has been pleased with the performance of the year under review. The rationalisation of non-core businesses and progress that has been made in addressing some of the issues in Germany will stand the Company well for its endeavours into the future. In the light of these initiatives combined with the significant reduction of debt that has occurred over recent years, the Board was pleased to have been able to recommend an increased final dividend for the year of 11.5 cents per share which, when combined with the interim dividend, makes a total distribution of 18.5 cents per share. This is a significant increase on the dividend paid in the previous year and represents 50% of the Company's normalised earnings.

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ABN 51 000 005 103

49 Market Street Sydney NSW 2000 GPO Box 1609 Sydney NSW 2001 Australia
TEL (+612) 9373 6600 FAX (+612) 9373 6534

In conjunction with this dividend recommendation, the Board has maintained its focus on the level of franking credits that are available to shareholders. The alternative strategies that are available to distribute these franking credits are constantly under review and looked at in conjunction with the Company's overall business plans and growth strategies. As stated previously, any initiatives to distribute these franking credits would have to ensure fair and equitable treatment to both the Company and its different classes of shareholders whilst taking into consideration the Group's cashflow, strategic planning and borrowing commitments.

Corporate governance was again a key issue for the Board and in particular the Audit Committee. The increased disclosure and reporting requirements occasioned by CLERP 9 and the convergence to international reporting standards have been a major focus for Directors and also the senior financial management of the Group. I am pleased to say that the Company continues to meet its disclosure and regulatory requirements this financial year and I can assure shareholders that the Board remains committed to endeavouring to provide the highest standard of disclosure and transparency of our businesses.

Consistent with recent reporting requirements, contained in the Annual Report is the Company's Remuneration Report. The Company has always endeavoured to be competitive within its market segments in the way it approaches remuneration levels. It is recognised however that the Company must develop appropriate policies including both short-term and long-term initiatives to be able to ensure that it can attract and retain the high calibre of individuals that it desires. To this end various long-term incentive plans have been assessed by the Group and I am pleased to tell shareholders that this process is well advanced. The recommended plan, when complete, will be brought before shareholders for appropriate approvals.

The Board and management are pleased with the current year's performance. Whilst there has been a continuation of strong trading within Rydges Hotels and Resorts, together with a pleasing performance from the winter months of Thredbo, the Board is very mindful of the continuation of the weaker performance both in domestic and international cinema exhibition that was experienced in the second half of the last financial year. It is believed that earnings from exhibition for the first six months of this financial year will not match those achieved in the previous corresponding period. Management maintains its continued focus on this particular sector of the business and in particular, is monitoring the impact of the release of DVD's to the market together with the significant impact of piracy both on our exhibition and distribution businesses. It is quite clear that these factors together with a lack of supply of premium quality product has had, and is continuing to have, an effect on the exhibition business.

As mentioned previously, the business segments in which the Company operates are at times volatile and always subject to varying degrees of change. Whilst we can see the impact of some of this volatility in our exhibition businesses at the moment, your Board and management continue to address these issues and will do their best to appropriately structure the businesses to ensure the Company can optimise its earnings and take the best possible advantage of long-term changes as they may occur.

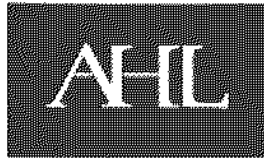
I would like to, in particular, thank our Group Managing Director, Mr David Seargeant and his management team for what has again been a very challenging year. Management has continued to drive the business at the operating level, whilst at the same time has made significant strategic progress particularly in relation to our German operations and also the restructuring that has occurred with the smaller businesses.

Your Board and management is committed to continuing to identify opportunities and wherever possible reduce threats to the Group thereby working towards a successful future for the Group and its shareholders.

I would like to also now thank my co-Directors for their efforts during the year and also to thank shareholders for their continuing support.

Thank you for your attention.

Alan Rydge
Chairman



MANAGING DIRECTOR'S ADDRESS

TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

FRIDAY 21st OCTOBER 2005

Ladies and Gentlemen,

The 2004/05 year has seen a continuation of our focus on our investment in the German cinema industry and the further rationalisation of the Group's under-performing businesses.

Whilst the normalised operating profit achieved for the year represented a very solid performance, the result was impacted by the downturn in the second half of the exhibition business, both in Australia and Germany. Much of this downturn can be attributed to the lack of strong product and the effect this has had on the frequency habit of cinema-going. As we have seen through the strength of the Roadshow Distribution result, it is in this environment of soft first release product that further growth has occurred in the home entertainment market, particularly in back catalogue and television series DVD sales.

Within Australian exhibition and the environment of few standout film releases, it is of interest to note the resilience of the Gold Class segment. The Company is continuing to expand this concept to additional locations across the circuit. It is innovation such as Gold Class, larger screens, an enhanced food and beverage offering and the arrival of digital 3D in 2006 that will drive the excitement and popularity of cinema into the future.

In Germany, we are continuing to experience difficult economic conditions and more recently, following the national elections, political uncertainty. Our focus however has remained on the further rationalisation of sites and the renegotiation and restructuring of the terms of our cinema leases. The level of operating costs including film hire terms has also been a key focus with significant progress being achieved.

The performance of Atlab improved markedly, particularly the level of multiple copy release print footage achieved from the new Lane Cove facility. This new facility enabled both a lift in print capacity and efficiency.

The Hospitality & Leisure Division completed a very successful year. Driven by growth in the Hotel Group earnings and the very successful 2004 ski season, the future of the division was further enhanced with the disposal of the loss-making Matilda Cruises business and the closure of BlueRock Catering. Featherdale Wildlife Park is continuing to perform well. Expressions of interest for a sale of the Park were sought late in the year and with our price expectations not being met, the Park has now been withdrawn from the market.

With growth in demand and relatively stable supply, the Hotel Group is continuing to achieve strong growth in yield. With a low level of planned future additions to supply, it is expected that the growth in yield will continue over the ensuing two to three years. The major threat to this growth remains that of terrorism and more recently, a major outbreak of the bird flu pandemic.

With excellent skiing conditions due to plentiful natural snowfall and consistent snowmaking, Thredbo achieved a record result for the 2004 season. Apart from the ideal conditions, the resort fully maximised the earnings potential through strong growth in yield and effective containment of operating cost levels.

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I would like to express my appreciation to the senior executive team who have all so valuably contributed to the solid result for the 2004/05 year.

To the future outlook, and more particularly, the results achieved for the first quarter of the 2005/06 year, I am pleased to report that profit before tax was \$20.8million. Whilst this represents, after taking into account the favourable impact of the transition to international financial standards reporting, a decrease of 10.8% over the prior year comparable period, the prior year was an outstanding result and included the record earnings gained from the 2004 ski season. As such, the current year first quarter performance is considered to be a commendable result.

The exhibition segment has continued to be impacted by the lack of any strong film product and this would appear likely to continue through to December which sees the release of the highly anticipated *King Kong*, *Harry Potter and the Goblet of Fire* and the Disney feature *Chronicles of Narnia – The Lion the Witch and the Wardrobe*.

In what can be described as an average season, Thredbo produced a very creditable result with skier numbers at 386,000 skier days.

Rydgges Hotels & Resorts is continuing to grow yield and produced an earnings growth of 18% over the prior year comparable quarter.

Settlement of the sale of Matilda Cruises is expected within the next month.

Atlab is continuing to achieve year-on-year growth through strong demand for multiple release printing and a long awaited upturn in local production.

Roadshow Distribution recorded a strong quarter with the theatrical release of *Wedding Crashers*, *Charlie and the Chocolate Factory*, *The Island* and *The Dukes of Hazzard*. DVD sales remained strong.

I can assure shareholders that the performance of our German cinema business continues to be a focus. I am equally aware that this has been the case for some time. We are making significant progress, however there are numerous difficult and complex issues and no easy solutions.

Within our other businesses, particularly our hotels and resorts and Thredbo, there are many encouraging indicators and we will be looking to drive these businesses even harder over the current year. The outlook for both Atlab and Roadshow Distributors is similarly positive.

The Company recently acquired the Mick Simmons building adjacent to the State Theatre. The property will be held until such time as a major redevelopment of the State Theatre site is considered feasible.

We will also be looking at our entire portfolio of property assets and seeking selective redevelopment opportunities as appropriate.

Thank you for your support and attendance this morning.

David Seargeant
Managing Director